



CCC
GROUP

**Sustainable Finance
Framework**

February 2024

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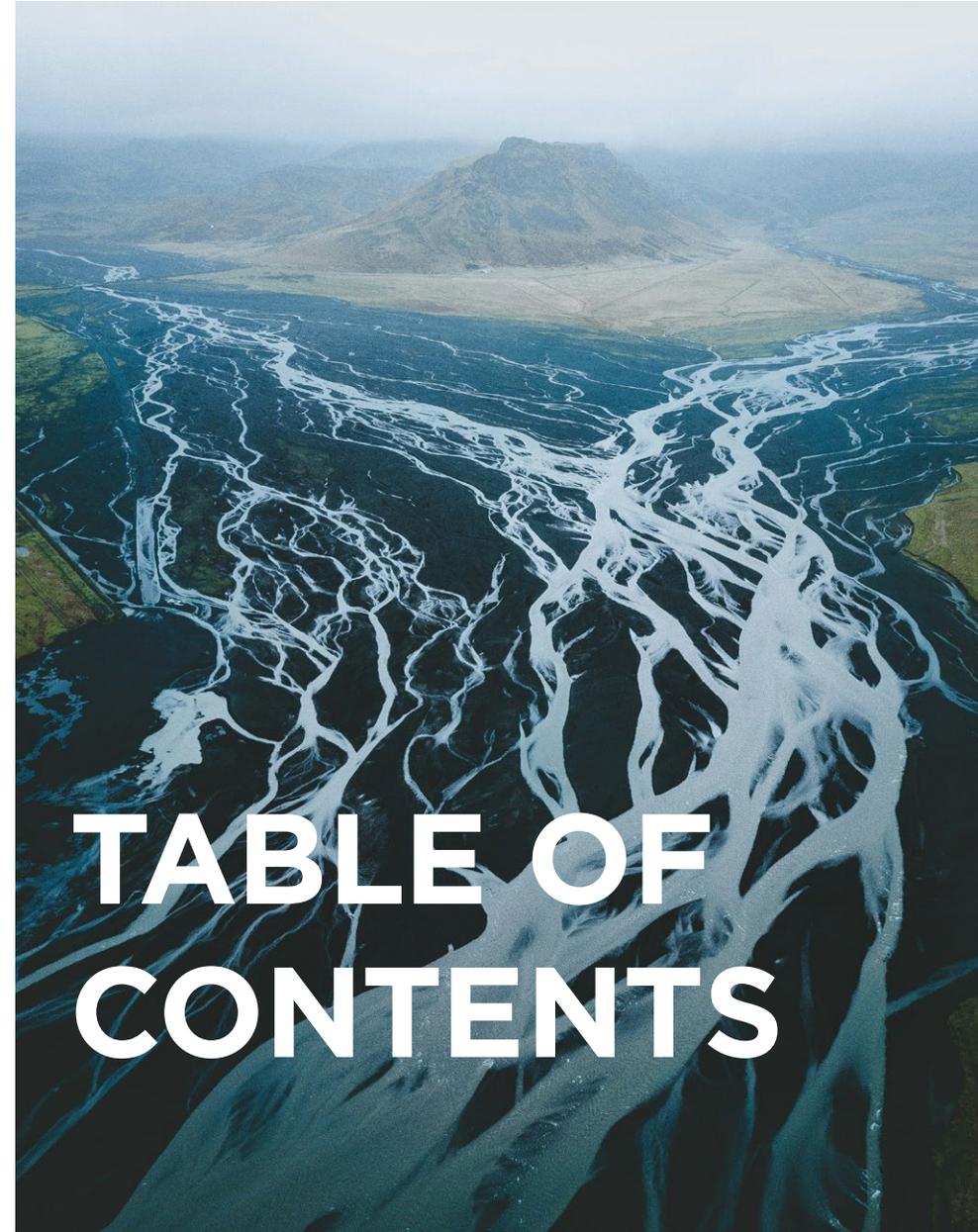


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1. INTRODUCTION



1.1. CCC GROUP OVERVIEW

The CCC Group ranks as a major, highly recognisable player in Europe's footwear and apparel markets, and is a top footwear retailer in the CEE region. We are currently present on 23 markets across Europe, offering primarily footwear and other complementary products (among others apparel, handbags, accessories) to retail customers. The parent of the CCC Group, CCC S.A., has its head office in Poland.

Revenue generated in the region's key markets (Poland, the Czech Republic, Hungary, Romania, Slovakia, Croatia, Slovenia, Bulgaria and Serbia) accounts for about 80% of the Group's top-line performance. Our share in the footwear

market of Central and Eastern Europe is around 20%. As for our retail share in the domestic footwear market, it is estimated at about 30%. In terms of the number of retail outlets in Poland, our coverage is almost twice that of our largest competitors.

Leveraging our market position and scale of operations, we can contribute to building a more sustainable world, benefiting both ourselves and society across our entire value chain. We are

committed to achieving this goal, even though we recognize the substantial effort and investment required, especially in transitioning to a circular economic model, ongoing practice improvement, and capital expenditures. As a company with ambitious aspirations, we believe our initiatives will positively impact the footwear and apparel sector, addressing challenges related to an imbalance between consumption and production patterns, as well as social injustice.



1.2. OUR BUSINESS

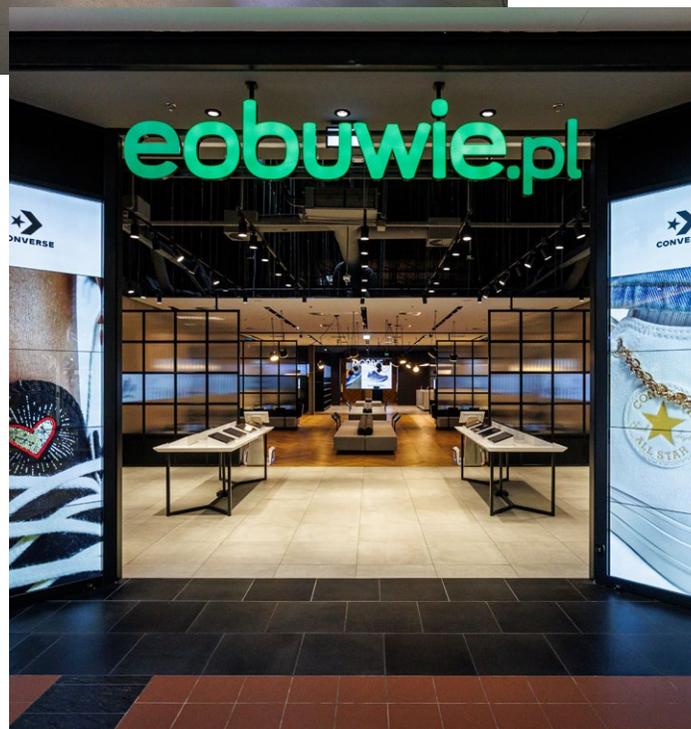
Our mission is to unlock fashion for everybody, everywhere.

The Group's business model is based on an omnichannel platform seamlessly integrating online and offline sales channels, allowing customers to move freely between them. Omnichannel development is additionally supported by tools designed to make the shopping experience more comfortable and convenient. These include the loyalty club, the 3D fitting room, express deliveries and deferred payments. Employing state-of-the-art technologies, we strive to deliver top-notch products that align with the evolving needs and expectations of our customers, ensuring the highest possible level of customer satisfaction.

Our operations span five complementary business lines, collectively providing the best value for our customers.



CCC stands as the leading omnichannel footwear retailer in the CEE region. Our 'house of brands' approach involves curating a product portfolio anchored by a number of robust strategic private labels, complemented by top-tier third-party brands. CCC consistently evolves its omnichannel concept by integrating digital sales tools, including tablets, Internet kiosks and esize.me scanning devices, into our physical stores. Beyond the traditional brick-and-mortar setup, CCC operates as a dynamic online sales platform accessible at ccc.eu and through a mobile app, which now ranks as one of the most frequently used direct-to-consumer (D2C) applications in Poland.



Eobuwie.pl is the online sales leader for footwear and accessories in Central and Eastern Europe. Focused on continual growth, we have expanded our reach with local domain extensions in 19 markets. Guided by the needs and expectations of our customers, we consistently broaden our product range, personalise content, and offer solutions that merge the online and offline realms. Eobuwie is also developing a globally unique concept of hybrid stores - stationary stores where online purchases can be finalized through physical contact with the product.



MODIVO is an innovative fashion multibrand. Our diverse offering comprises nearly 300 thousand products from more than 500 brands. Since our inception, we have crafted an innovative shopping experience, delivering personalised offerings and superior service, which has quickly propelled us to the forefront of the FashionTech segment. From 2022, MODIVO is also developing B2B activities through a marketplace, in which it invites contractors to sell their products via the MODIVO platform.



HalfPrice, the newest addition to the CCC Group, spearheads our foray into the off-price business. Launched in May 2021 in Poland, the store chain quickly expanded, to over 120 locations across ten countries by November 2023, while fortifying its online presence. HalfPrice is a convenient platform for purchasing clothes, footwear, cosmetics and homewares from the best brands at the lowest prices.

DeeZee is a strong fashion brand with a European reach and global aspirations, developed by women and created for women. Our sales platforms operate in nine European countries, but product deliveries reaching customers in 35 countries worldwide thanks to cooperation with marketplace platforms.

Each business line and market within the CCC Group actively contribute to our business goals and sustainability initiatives, with our investments in sustainable development unlocking long-term growth opportunities. By embracing circular business models and meeting the expectations of our stakeholders, we pursue our objectives, but also support a broader transformation toward a more sustainable fashion industry and low-carbon production.

Recognising the crucial role of sustainable development in our business, we are steadfast in adapting our activity to meet upcoming challenges and ensure we are well-prepared for the future.

1.3. OUR VALUE CHAIN

Conscious of our environmental impact, we are committed to establishing standards and responsibly managing entire value chain.



CCC Group value chain						
identified material stakeholders exposed to value chain processes						
suppliers of merchandise, other suppliers (service providers and suppliers of non-commercial goods),		CCC Group employees, business partners (franchisees, logistics operators, online platforms, retail space lessors), investors, financial institutions, government bodies, media, consumers			consumers	
Upstream		CCC Group			Downstream	
Supplies		Processes within the Group		Sales	Use	Waste
Suppliers of raw materials (TIER 3)	Suppliers of processed materials (TIER 2)	Manufacturing plants (TIER 1)	All Group entities conducting operational processes and support processes	Sales are made through offline stores, online platforms and hybrid stores	Consumer is any person who purchases and uses a CCC product bought at an offline or online store of the Group	Waste is a product that ceases to meet the quality expectations or other needs of customers as a result of its use by customers. There are two types of waste: <ul style="list-style-type: none"> used products, packaging waste.
<p>Suppliers of primary raw materials that are used to make processed materials or other production inputs.</p> <p>Primary raw materials:</p> <ul style="list-style-type: none"> animal skins cotton, flax, other plants <p>Energy resources:</p> <ul style="list-style-type: none"> gas electricity motor fuels 	<p>Suppliers providing finished materials such as leather, textiles, materials that are the main components of CCC products.</p> <p>Raw materials for the manufacture of footwear, bags, accessories and other products:</p> <ul style="list-style-type: none"> synthetic leather materials made of natural, artificial, or synthetic fibres rubber metal pieces paints, varnishes adhesives plastic film other <p>Raw materials for the production of packaging and marketing materials:</p> <ul style="list-style-type: none"> paper, cardboard plastic film adhesives other 	<p>Suppliers manufacturing CCC products (footwear, bags, accessories, clothing, and other products). These include our long-term partners from Europe, Asia and South America.</p> <p>Services necessary for the Group's operations:</p> <ul style="list-style-type: none"> utilities maintenance IT systems telecommunications advisory services 	<p>Operational processes:</p> <ul style="list-style-type: none"> design procurement R&D quality control marketing and promotion sale services for the distribution centre logistics management communication and PR investor relations legal services internal IT support <p>Support processes:</p> <ul style="list-style-type: none"> management administration HR OHS training finance accounting management control 	<p>After-sales service</p> <ul style="list-style-type: none"> handling of customer complaints and returns two-year warranty post-warranty services 		
		Delivery logistics		Retail chain and e-commerce logistics		
		<ul style="list-style-type: none"> logistics behind the delivery of goods from suppliers to the CCC Group 		<ul style="list-style-type: none"> logistics behind the delivery to customers of products ordered in the CCC retail chain and stores, handled by the CCC Group logistics behind the delivery of products purchased via the e-commerce channel handled by third parties (postal company, courier companies, etc.) 		Waste is generated as a result of logistics processes

2. OUR APPROACH TO SUSTAINABILITY



2.1. SUSTAINABILITY AT THE CCC GROUP

In 2021, we unveiled our comprehensive business strategy, GO.25 Everything Fashion: Omnichannel Platform, which defines our core values serving as the blueprint for the CCC Group's operations, ambitions, and development objectives. Centred around maximising the Group's value by meeting the evolving needs of our existing and future customers, the GO.25 Strategy identifies seven key goals that guide our path forward. The commitment to sustainable development is central to our business practice and ingrained as a foundational element within the GO.25 Strategy.

GO.25 Sustainable Development Strategy:

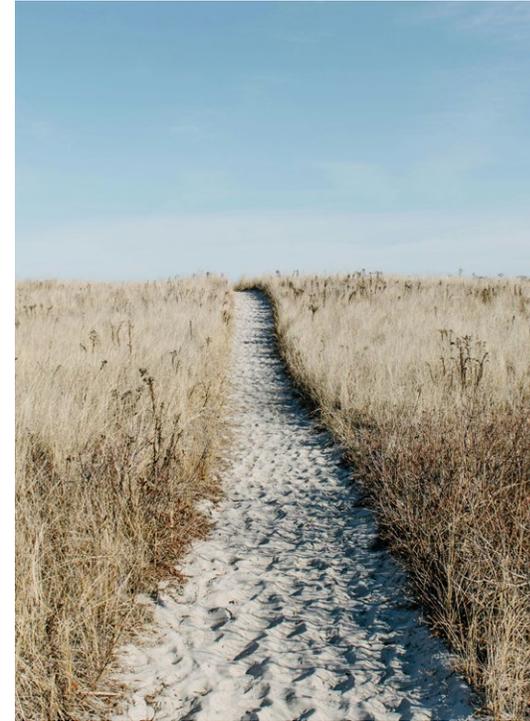
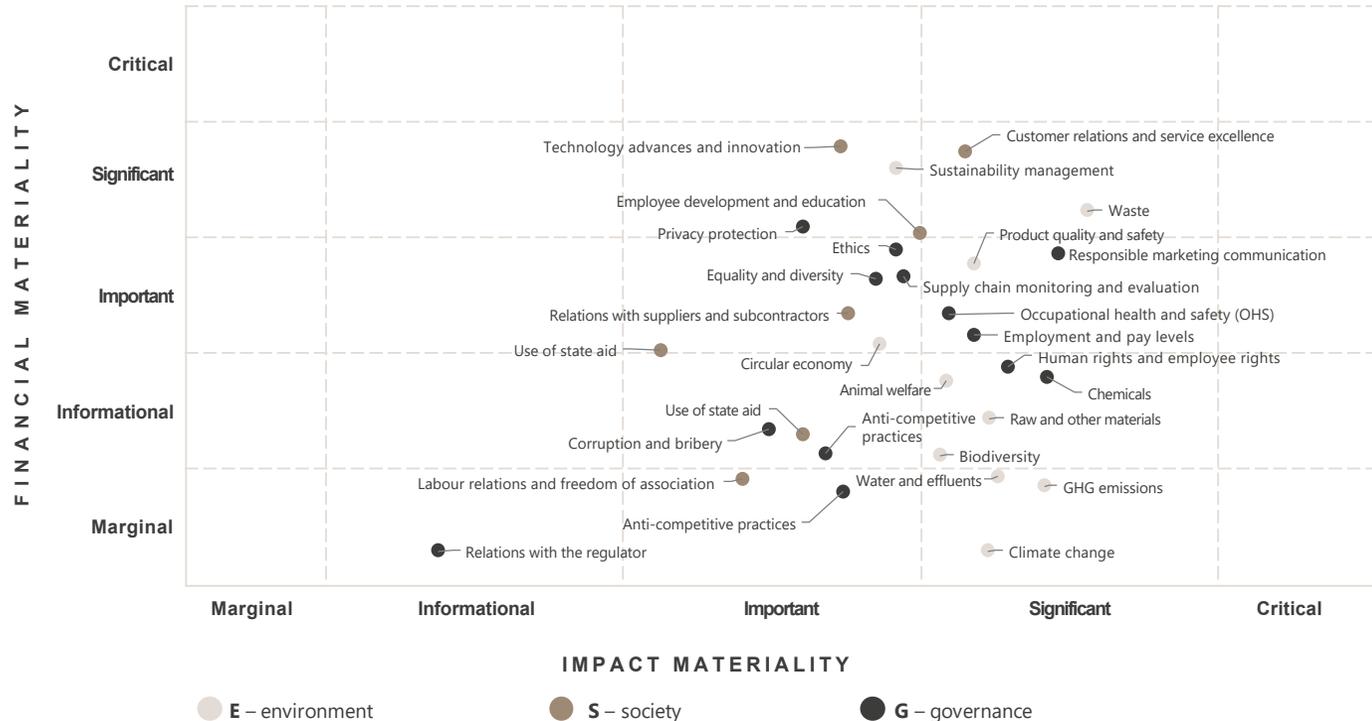
- Specific and long-term goals;
- Addressing four key areas of responsibility;
- Aiming to meet stakeholder expectations;
- Embedded as an integral part of all business activities.

Our sustainability initiatives are crafted in alignment with international and EU policies, strategic frameworks, and evolving laws and regulations. The GO.25 Strategy rests on crucial global arrangements, including the Paris Agreement, the EU's European Green Deal, the TCFD Recommendations on Climate-Related Financial Disclosures, and the EU's new circular economy action plan.



2.2. MATERIALITY ASSESSMENT

At the CCC Group, we are committed to aligning our strategy with stakeholder expectations, continually enhancing process quality, and transparently disclosing sustainability information and data. Our sustainability endeavours, strategic decisions and objectives are all rooted in materiality, as identified and evaluated through our 2021 materiality assessment. Findings and insights derived from that assessment laid the foundation for the GO.25 Sustainable Development Strategy we have eventually adopted.



The materiality assessment was conducted in accordance with GRI Standards 2021, taking into consideration the requirements of the CSRD and the concept of double materiality. It was also an element of ongoing dialogue with our stakeholders. Sustainability topics were analysed against four impact materiality criteria: scale, scope, likelihood and remediability of impact. Financial materiality considerations involved assessing the impact of an ESG topic on the Group's growth, performance, and overall business position.

2.3. ETHICS AND RISK MANAGEMENT

We are focused on upholding and promoting the highest standards across our entire supply chain, infusing a commitment to human rights throughout our operations, and diligently reinforcing our ethics management system. Recognising the vital role of ethics, we live our values and refine our approach by actively managing this domain and fostering relationships with both internal stakeholders and external partners, founded on mutual respect and trust. The significance of this commitment is underscored by its application across the entire value chain.

Operating as an international business, we steadfastly adhere to ethical, transparent, and responsible conduct at every stage of the value chain – from supplier relationships to customer interactions across various sales channels. Our stringent procurement practices and robust supplier relations ensure that our products are manufactured with utmost care for both people and the planet. Following due diligence procedures aligned with the UN Guidelines for Business and Human Rights, we implement identification and preventive measures to mitigate the risks of breaches within our supply chain.

For each significant risk identified, we have a detailed action plan in place to minimise impact and maintain an acceptable risk level. The ongoing risk management efforts contribute continuously to our long-term strategic decisions.

The Supervisory Board exercises permanent supervision over the risk management process, evaluating its adequacy and effectiveness as part of its prescribed tasks outlined in the Articles of Association and the Rules of Procedure for the Supervisory Board. This comprehensive approach encompasses monitoring the Company’s financial reporting process, including the effectiveness of internal controls and risk management mechanisms, covering risks and opportunities related to climate change. Corporate risks are regularly reviewed and updated by The Management Board and the Audit Committee.

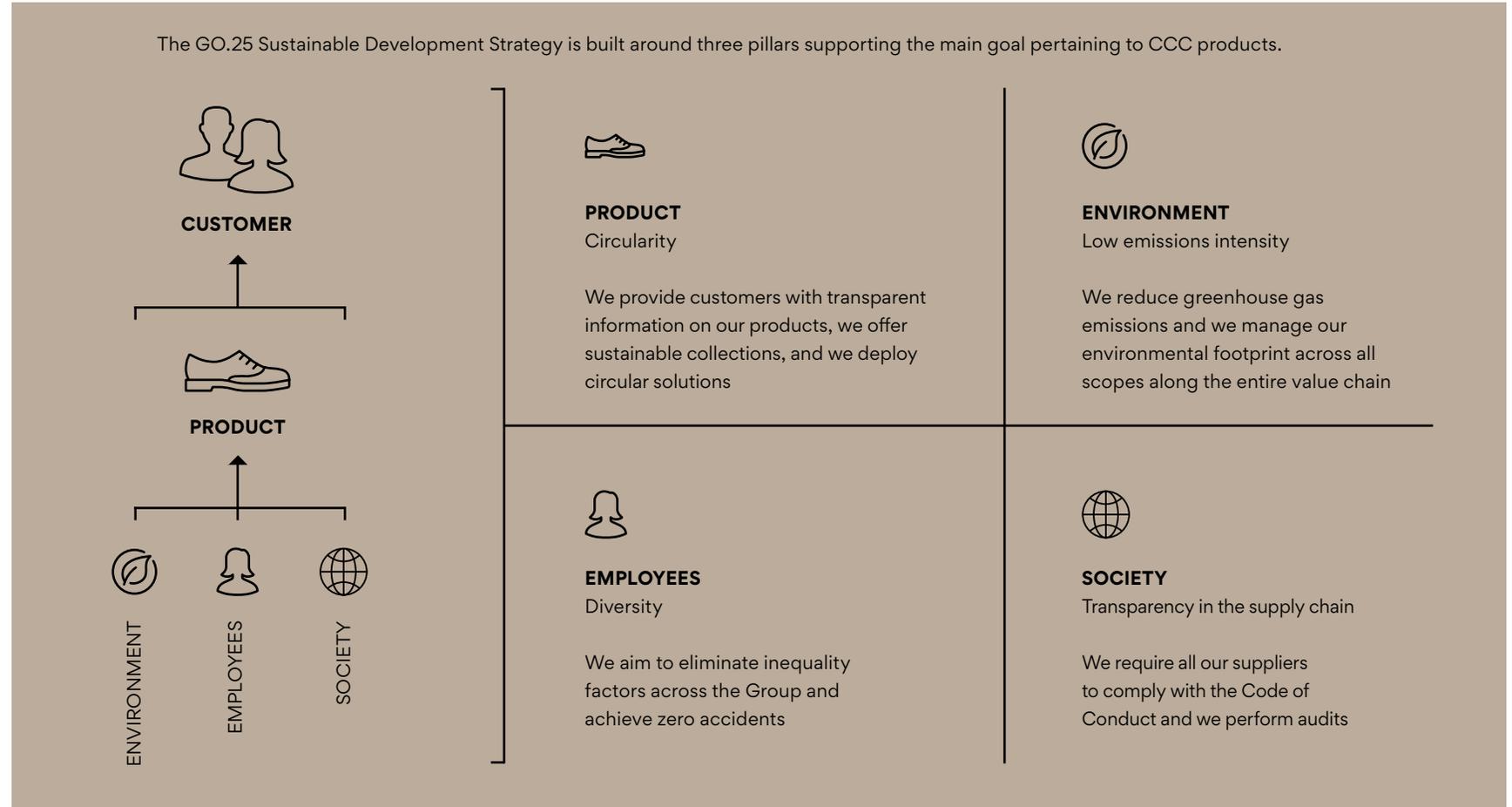


The Management Board takes charge of organizing and ensuring the operation of the risk management system, by adopting rules for the identification and assessment of risks. It is also responsible for overseeing the risk management process across the CCC Group.

2.4. SUSTAINABILITY GOALS AND PRIORITIES

The GO.25 Sustainable Development Strategy has not only established targets to be achieved within its time frame, but also ambitions envisioning our development trajectory by 2030.

The strategy is built around three pillars supporting the main goal focused on the product.



Product

Transparent product information, more sustainable collections, and circular solutions define our commitment to customers

SUBJECT	2025 GOAL	AMBITION 2030
PRODUCT		
Sustainable Raw Materials	100% products with information on materials used and method of production	Maintain the level of providing transparent information on the composition of all products and how they are produced
	100% product categories containing sustainable collections	Information on the carbon and water footprint of sustainable products More than 50% of sales revenue comes from sustainable products
	Introduction of a transformable product line for sale	Expanding the collection with transformable products
Sustainable packaging	100% recycled and recyclable packaging	All products sold by the CCC Group are delivered in packaging with a zero environmental footprint
	Introduction of single carton packaging in the e-commerce channel	
Recycling of used shoes	Collection of used shoes - expanding the program to 100% of stores in Poland and abroad	Processing of collected shoes into raw material for production reuse in various industries

Approach to circular economy

In recent years, circularity has ascended to the forefront of our priorities, a decision validated by the materiality assessment conducted by the CCC Group. Acknowledging the potential environmental impacts across our operations and value chain – especially in raw materials sourcing and processing, product manufacturing, waste generation in logistics, and product end-of-life waste – we are strategically committed to responsible materials and waste management, championing the adoption of circularity.

Our consistent efforts in this direction focus on three interconnected areas:

- Circular products and packaging: making durable products from safe, recycled materials or other sustainable sources that can be reprocessed.
- Circularity in the supply chain: building systems that ensure the circulation of products and materials for repair, reuse, and recycling, and involve manufacturing processes

with less environmental impact, such as tanning, dyeing, and printing.

- Responsibility for sold products: engaging customers in promoting a circular model where products are more frequently repaired, reused, or recycled.

Environment

Our commitment to environmental sustainability extends to the reduction of greenhouse gas emissions and management of our environmental footprint across all scopes throughout the entire value chain.

SUBJECT	2025 GOAL	AMBITION 2030
ENVIRONMENT		
Reduction of greenhouse gas emissions	40% reduction of Scope 1+2 GHG emissions - against the baseline year 10% reduction of Scope 3 GHG emissions - against the baseline year	Reduce Scope 1+2 GHG emissions to – 80% from baseline and engage key tier 1 Suppliers in the supply chain in reducing emissions Achieve -40% Scope 3 GHG emissions
Circular economy	Reduction of waste in the CCC Group by 30% gainst baseline year Setting waste reduction targets in the supply chain with major suppliers (tier1)	Increase the percentage of manufacturing waste in the supply chain going to recycling to a minimum of 40%
Protection of water resources	Identify the impact Of the CCC Group and its value chain on water resources and develop a water efficiency management approach for the CCC Group	The water efficiency management system in the Group and its value chain (tier 1+2 suppliers) and the established reduction targets in this area
Protection of biodiversity	Determining the impact of the CCC Group and its value chain on biodiversity	Definition of biodiversity conservation targets Conducting activities to prevent the loss of biodiversity

Consistent monitoring and evaluation of implemented measures are integral to our approach. We regularly revisit and revise our strategic objectives, keep track of our environmental impact and conduct audits of our suppliers to actively manage the environmental domain. This ongoing process enables us to implement solutions that not only benefit our organisation, but also contribute positively to the entire supply chain.

Our climate change impact

Our climate change impact manifests itself primarily in the following areas:

- OPERATIONS – greenhouse gas emissions from fuel and energy used in our retail stores and at suppliers’ manufacturing plants.
- LOGISTICS – greenhouse gas emissions from outbound transport of products to retail stores and e-commerce customers and from inbound transport of goods to the CCC Group.

- RAW AND PROCESSED MATERIALS – greenhouse gas emissions from production of raw materials needed for footwear production, including:
 - animal husbandry – to produce natural leather,
 - plant cultivation – to produce natural fabrics,
 - extraction, petrochemical and chemical industries – to produce synthetic leather and fabrics, rubber, adhesives, varnishes and paints.

Our approach to climate change is informed by the analysis of short-, medium- and long-term climate change risks, threats and opportunities carried out in 2020 and the scenario analysis assessing resilience of the CCC Group’s business model and strategy to climate change performed in 2021.

Our climate targets for the Group include a 40% reduction in absolute greenhouse gas emissions within Scopes 1 and 2 by 2025 (with an ambition of -80% by 2030) compared

with the base year 2019. Additionally, we aim for a 10% reduction in absolute greenhouse gas emissions within Scope 3 by 2025 (with an ambition of -40% by 2030) relative to the base level in 2021.

To attain these targets, we focus on the following strategic areas:

- Energy efficiency: Initiatives to minimise energy consumption commence within our own business. Through our Green CCChallenge working group, we systematically monitor energy consumption across the Group, identifying and eliminating unnecessary usage. We focus on making energy efficiency investments.
- Considering energy efficiency as a factor of key importance to our long-term goals, we extend our focus to the supply chain. Environmental compliance is a prerequisite for our collaboration with suppliers. Specific arrangements vary based on supplier location and manufacturing plant condition, depending also

on whether and when a particular supplier commenced its sustainability transition.

- Renewable energy: We operate our own photovoltaic farm, satisfying partly the energy needs of our logistics centre and offices. Since 2022, 100% of energy purchased by CCC comes from renewable sources. In collaboration with our suppliers and retail space lessors, we also mobilize them to the use of green energy only.
- Circular solutions: Our Circularity Roadmap has led to the integration of circular systems into all relevant business areas, influencing product design and supply chain management. Without transitioning from a linear to a circular business model, all other efforts to minimise adverse environmental impacts will not suffice to improve the wellbeing of our planet. The circular model allows us to extend product lifespans, explore new business areas, and reduce risks associated with future sources of materials.

- Assessment of climate risks: The measures we have taken so far, which included the Group-wide value chain assessment, short-, medium- and long-term risk assessment, assessment of climate change risks, threats and opportunities, scenario analysis of resilience of the Group’s business model and strategy, and quarterly GHG emission data collection and monitoring, enable informed decision-making and action to address climate change, mitigate adverse impacts, adapt the Group and increase its resilience to climate change.

Employees

Our aim is to eliminate inequality factors throughout the Group and achieve zero accidents

SUBJECT	2025 GOAL	AMBITION 2030
EMPLOYEES		
Protection of workers' lives and health	0 accidents among CCC Group employees (reduction of the percentage of the accident frequency rate to 0)	Maintain an accident frequency rate of 0
Workforce diversity	Reduction of Glass Ceiling Ratio (GCR) to 5% 100% Of CCC Group employees trained on diversity	Reduction of GCR indicator to 0 100% Of CCC Group employees trained on diversity
Equal pay for equal work	Reduction of the Gender Pay Gap Ratio (GPGR) to 5%	Reduction of GPGR indicator to 0

We believe that the success of our business hinges largely on the knowledge, competence, experience, and commitment of our employees, which is why we prioritise our approach to human resources management and employee relationships. We make every effort to ensure that our Human Resources Policy is underpinned by ethical values, mutual respect, equal opportunities for employment, development and promotion, and team diversity. We view diversity as a source of competitive advantage, acknowledging that the convergence of different views, opinions, work styles, skills, and experiences fosters a novel excellence and contributes to enhanced business performance.



Society

In our commitment to society, we mandate adherence to our Code of Conduct for all suppliers, coupled with rigorous audit processes



SUBJECT	2025 GOAL	AMBITION 2030
SOCIETY		
Responsibility in the supply chain	100% of suppliers covered by the updated Supplier Code of Conduct	100% of our suppliers respect human rights and provide their employees with safe working conditions and decent wages
	Engaging Tier I providers in providing non-financial data	A system for collecting non-financial data from Tier I suppliers Include Tier 2 providers in the breach notification system
	100% of high risk suppliers audited	Involve suppliers (tier I) in providing data for Scope 3 calculations
Workforce diversity	100% of breach reports analyzed	Continuously improve ethical standards and only work with suppliers who agree with them

Our continuous efforts to elevate the standards of collaboration with our suppliers aim to enhance their environmental and social performance. Fostering long-term partnerships based on shared values is a cornerstone of our approach. Consequently, entities entering into collaboration with the CCC Group must commit to compliance with our Supplier Code of Conduct, aligning their business practices with environmental and human rights considerations.

Deploying a uniform governance framework and centralised risk management systems, we integrate human rights and environmental due diligence policies with our corporate risk management processes. This alignment ensures a cohesive approach to our activities, incorporating the principles of due diligence and constant impact monitoring within our value chain.

2.5. CONTRIBUTION TO UN SDGS

Our commitment to sustainability is embedded in our operations, particularly through the active implementation of the GO.25 Strategy, aligning with the United Nations' Sustainable Development Goals (SDGs). Our activities distinctly contribute to the achievement of several SDGs, including 5, 6, 7, 8, 9, 10, 12, 13, 14, and 15.



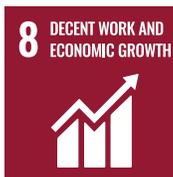
Gender equality is a strategic goal propelling us towards a more equitable future. By 2025, we aim to reduce the Gender Pay Gap Ratio and Glass Ceiling Ratio to a maximum of 5%.



We mainly pursue this goal through responsible pollution management and minimising the release of hazardous chemicals in manufacturing processes.



We strive to increase the proportion of renewable energy in the Group's overall energy consumption mix, including internally generated solar power, and by enhancing the energy efficiency of our operations.



Our commitment extends to fostering partnerships with our suppliers, working collaboratively to achieve goals while ensuring the protection of employee rights and promoting a safe and secure working environment for all.



We deploy modern omnichannel solutions that provide equal access to technology for everyone.



We take deliberate steps to ensure equality and inclusivity both within our business and throughout the value chain. Our Supplier Code of Conduct includes provisions ensuring equal opportunities and reducing disparities among employees.



This goal is a priority in our business, reflected in our commitment to the sustainable and rational use of natural resources and responsible waste management.



Our approach to climate change is informed by the analysis of short-, medium- and long-term climate change risks, threats and opportunities and the scenario analysis assessing resilience of the CCC Group's business model and strategy to climate change.

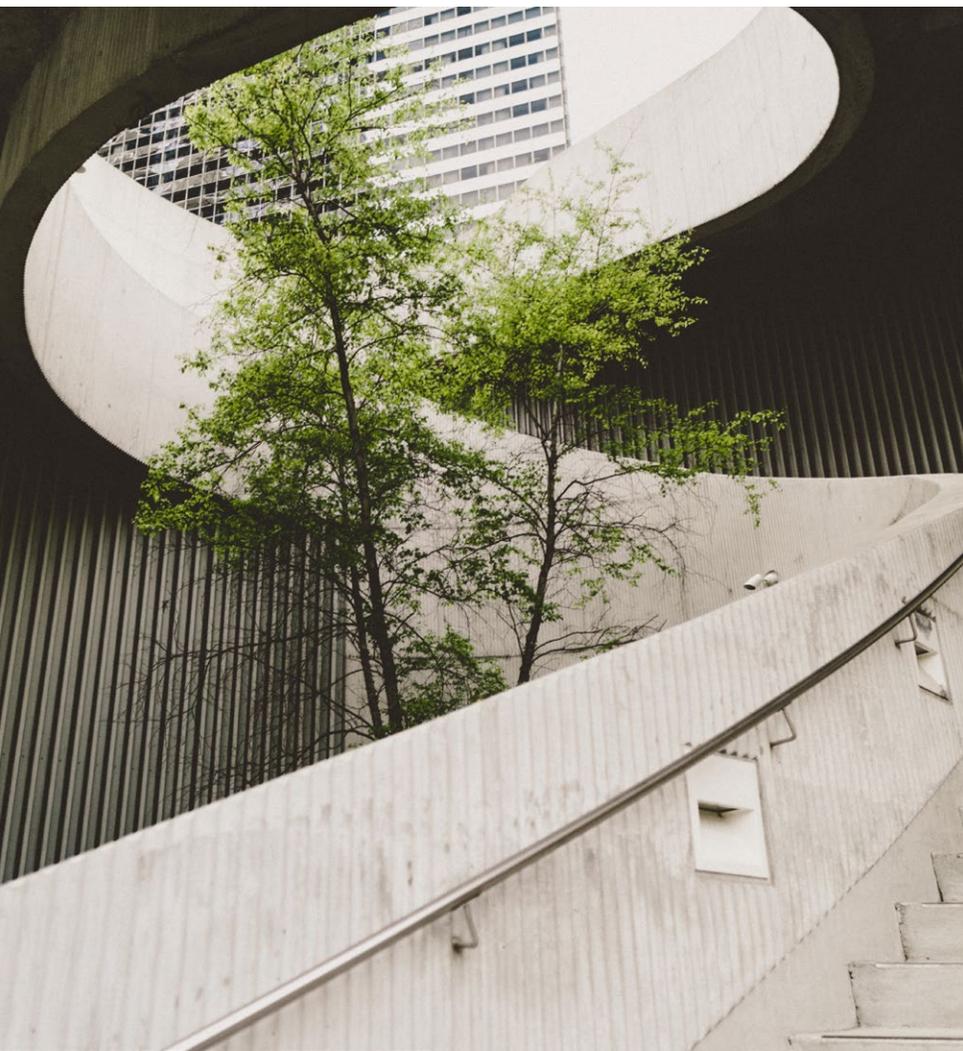


We actively promote environmental objectives in water use and wastewater generation, aiming for reduced water consumption and effective water resource management. Our commitment extends to urging suppliers to manage pollution in their operations.



Determining our impact and the impact of our value chain on biodiversity is a strategic objective we aim to attain by 2025, underscoring our dedication to preserving and promoting biodiversity.

3. SUSTAINABLE FINANCE FRAMEWORK



3.1. RATIONALE FOR SUSTAINABLE FINANCING

In establishing this Sustainability Finance Framework (this “Framework” or this “document”), our primary goal as the CCC Group is to communicate to investors and all stakeholders our sustainability strategy plan, emphasising key elements of the business plan associated with environmental sustainability. Financial instruments linked to this Framework will be used to finance and refinance projects facilitating the transition to a low-carbon and circular economy, supporting transparency and accountability in the pursuit of our ambitious sustainability goals.

As the CCC Group, we are unwavering in our commitment to drive sustainable business transformation. Leveraging sustainability-linked financial instruments, our aim is to maximise the alignment between financing and our sustainable development strategy, while underscoring that the investments made today carry a positive environmental impact, supporting our decarbonisation

objectives and the shift towards a circular economy. This initiative encourages additional investments in environmentally sustainable projects to contribute to the goals outlined in the Paris Agreement and the UN Sustainable Development Goals (SDGs).

This Framework is designed to accommodate future financial instruments linked to sustainable development, including any loans, bonds or other financial instruments aligning with sustainable development objectives.

This Framework has been established in accordance with the LMA Sustainability-Linked Loan Principles, published in February 2023 and with the ICMA Sustainability-Linked Bond Principles, published in June 2023, and follows the five core components below:

- I. Selection of Key Performance Indicators (KPIs)
- II. Calibration of Sustainability Performance Targets (SPTs)
- III. Financial Characteristics
- IV. Reporting
- V. Verification

Within this Framework, we present Key Performance Indicators (KPIs) relevant to our business and industry. The establishment of this Framework and any potential financing hereunder highlight our dedication to these objectives and actively engage present and future stakeholders on our journey towards a more sustainable future.

We allow for periodic reviews of this document to align it with best market practice and legal regulations, with any substantial updates requiring prior approval from a qualified provider of the Second Party Opinion (SPO).

We reserve the right to select KPIs for any sustainability-linked financial instrument launched under this Framework. Specific KPIs for each funding initiative will be disclosed in the relevant sustainability-linked instrument documentation at its launch, alongside pertinent Sustainability Performance Targets (SPTs) and other necessary information.

3.2. SELECTION OF KEY PERFORMANCE INDICATORS (KPIs)

The escalating pace of climate change and biodiversity loss is predominantly attributed to resource utilization and intensive consumption, impacting communities and jobs. As a leading presence in the European footwear industry, we have the duty to assume greater responsibility to address these challenges. The KPIs incorporated into this Sustainability Finance Framework are reflective of key environmental challenges confronting the entire fashion industry.

Our KPIs

KPI 1:

**% REDUCTION IN GHG EMISSIONS
WITHIN SCOPES 1+2**



Emissions were calculated using tools provided by the GHG Protocol (www.ghgprotocol.org/calculation-tools), for the six greenhouse gases covered by the GHG Protocol (CO₂, CH₄, N₂O, HFCs, PFCs, SF₆), with emission values reported in tonnes (Mg) of carbon dioxide equivalent (CO₂e).

In the case of the calculation of Scope 2 emissions using market-based method, emissions factors provided by energy suppliers were used; if none were available, average factors per country were applied.

Definition and methodology

This KPI encompasses reduction in greenhouse gas emissions within Scopes 1+2, calculated based on primary data from invoices of Group companies pertaining to fuel and energy consumption within a company’s buildings and facilities, vehicles, purchased heat, and a portion of purchased electricity (used in offices and warehouses). Electricity consumption in retail stores was mainly from purchase invoices. However, where direct readings are not possible, consumption was estimated based on the factor per one square meter of floor area, calculated from actual consumption (invoices, analyzers, etc.). The reduction refers to the calculation of emissions using the market-based method in relation to the base year 2022.

Basis for materiality

While greenhouse gas emissions within Scopes 1+2 constitute a relatively modest percentage of the overall greenhouse gases emitted by the Group, addressing them is important because it serves as a symbolic example, urging our trade partners to measure and actively diminish emissions within these scopes.

Our goal is to foster heightened awareness that would trigger a ripple effect translating into enhanced operational efficiency. It would also be a catalyst for the development of environmentally sounder buildings and an increased reliance on energy derived from renewable sources.

Historical data

	Unit	Jan 1 2019– Dec 31 2019	Jan 1 2020– Dec 31 2020	Feb 1 2021– Jan 31 2022	Feb 1 2022– Jan 31 2023
Scope 1					
Emissions from fuel use in buildings and installations	Mg CO ₂ e	1,954.5	2,031.9	2,499.0	1,119.9
Emissions from fuel use in transport	Mg CO ₂ e	2,340.6	2,227.1	2,304.7	2,715.4
Emissions resulting from the leakage of refrigerants	Mg CO ₂ e	n.a.	n.a.	437.0	23.0
Total Scope 1 GHG emissions	Mg CO₂e	4,295.1	4,259.0	5,240.7	3,858.3
Scope 2 location-based					
Emissions from purchased electricity	Mg CO ₂ e	61,993.7	41,619.7	61,320.6	52,669.3
Emissions from purchased heat	Mg CO ₂ e	1,671.9	649.8	480.0	471.0
Total Scope 2 location-based GHG emissions	Mg CO₂e	63,665.6	42,269.6	61,800.6	53,140.3
Scope 2 market-based					
Total Scope 2 market-based GHG emissions	Mg CO₂e	n.a.	43,195.0	51,725.4	39,690.7
Scope 1+2 market-based					
Total Scope 1+2 market-based* GHG emissions	Mg CO₂e	n.a.	47,453.9	56,966.1	43,548.9

Reporting

The KPI results will be disclosed annually in our sustainability reports, verified and corroborated by a statement from an independent external reviewer providing assurance services.

Contribution to EU’s environmental objective: Climate change mitigation

Contribution to UN SDGs: 12, 13

KPI 2:

**% REDUCTION OF GHG
EMISSIONS FROM USED RAW
MATERIALS WITHIN SCOPE 3
RELATIVE TO THE BASE YEAR 2021**



Basis for materiality

Similar to our retail industry peers, the CCC Group’s greenhouse gas emissions are largely attributable to our supply chain. Recognising the supply chain’s role in our environmental footprint, we intentionally chose to emphasise Scope 3 greenhouse gas emissions as a Key Performance Indicator (KPI) within this Framework. This focus is crucial in aligning our business practices with the ambitious objectives of the Paris Agreement. It will also yield substantial benefits in terms of various other environmental concerns, as our supply chain, notably with regard to raw materials, is based on agricultural production and cattle farming, touching upon numerous sustainability facets, including biodiversity and water conservation.

Historical data

	Unit	2021	2022
Greenhouse gas emissions			
Total Scope 3 emissions	Mg CO2e	1,205,421.90	1,024,781.92
Purchased goods and services	Mg CO2e	1,054,763.83	824,442.64

Reporting

The KPI results will be disclosed annually in our sustainability reports, verified and corroborated by a statement from an independent external reviewer providing assurance services.

Contribution to EU’s environmental objective: Climate change mitigation

Contribution to UN SDGs: 12, 13

Definition and methodology

This KPI covers greenhouse gas emissions within Scope 3, spanning all analysed and quantified categories, which collectively account for 96% of the Group’s emissions. The most substantial share within this scope pertains to raw materials used in the manufacture of footwear and apparel, constituting approximately 85% of greenhouse gas emissions attributable to our business.

For the calculation and reporting of Scope 3 greenhouse gas emissions, we adhere to the GHG Protocol standards. The calculations were based on data for raw and processed materials used to manufacture private label brands sourced from our suppliers (for ca. 38.5 million product pieces in 2022 and 34.2 million product pieces in 2021). The calculation method used was the average-data method. The volume of materials used (by weight) was converted using cradle-to-gate LCA IPCC 2021 GWP100 emission factors sourced from the ecoquery database (version 3.9) and, if relevant factors were not available, from research studies.

KPI 3:

% REDUCTION IN THE AMOUNT OF NATURAL LEATHER CONSUMPTION USED IN PRIVATE LABEL AND LICENSED PRODUCTS COMPARED TO THE BASE YEAR 2021



Definition and methodology

The KPI is defined as the percentage of reduction in the amount of natural leather consumption used to produce private labels and licensed products. This reduction is expressed in square meters and is calculated by summing up the orders for both spring-summer and autumn-winter seasons in a given financial year. The data on material consumption is obtained directly from our suppliers and is verified by the department responsible for purchasing products. The base year for this calculation is 2021 when we first mapped out the materials and their quantities used in our production process.

Offered products are mainly footwear, handbags, and accessories (small leather goods, i.e. belts, wallets, etc.). They include both our own and licensed brands (i.e. those that are designed by us and we have direct influence on the materials used in production.) Our offer also includes other private-label products made of various materials. Private label and licensed products constitute approximately 75% of all products offered by CCC.

Basis for materiality

The company manufactures and sells the following fashion products: footwear bags, accessories (e.g. wallets, belts etc.)¹⁾ which involve the use of natural leather. It constitutes the largest percentage of approximately 25% of all materials used in our production (we currently use approximately 60 different materials and components). Out of all the materials we use to manufacture our products, leather has the highest carbon footprint (in 2022 GHG emissions associated with leather constituted 84% of total GHG Scope 3 category 1 – purchased goods).

However, animal agriculture is responsible for one-third of the planet’s total freshwater use, and pollution from livestock farming and deforestation directly contribute to the extinction of other animal and plant species. These activities also result in high greenhouse gas emissions. Therefore, reducing the use of leather or replacing it with alternatives available on the market can effectively combat climate change, support biodiversity protection and animal welfare. The use of alternative materials to leather, such as plant-based leather, also has a direct impact on the environment by reducing greenhouse emissions and the consumption of water, energy, and chemicals used in the leather tanning process.

Historical data

	Unit	2021	2022
Products			
Leather consumption	m ²	4 858 055,72	3 756 519,66
	% yoy		-23%

In 2022 -2023, we implemented a program to optimize our working capital in response to the accumulated inventories that resulted from the decrease in demand for our products during the COVID-19 pandemic in 2020 and 2021. As a result, we decided to limit the number of products that we ordered during the last two years. This led to an excessive reduction in the amount of leather used in the production of the ordered goods during that period. However, it’s worth noting that this reduction was a one-off event caused by the pandemic. Under normal business conditions, the leather reduction process should be linear.

Reporting

The KPI results will be disclosed annually in our sustainability reports, verified and corroborated by a statement from an independent external reviewer providing assurance services.

Contribution to EU’s environmental objective: Biodiversity protection and climate change mitigation

Contribution to UN SDGs: 12, 13, 14

¹⁾ The company does not manufacture apparel products made of leather.

KPI 4:

% OF FOOTWEAR AND CLOTHING REUSED RELATIVE TO MERCHANDISE SOLD IN THE RESPECTIVE CATEGORIES



Definition and methodology

KPI 4 defines the percentage of used footwear, clothing, and bags collected from customers that will be sent for reuse (cooperation with charity organizations) or recycling (cooperation with external partners or introduction of innovative, internally developed solutions) relative to the total amount of goods sold in the relevant categories during a given financial year. The unit of measurement for the amount of footwear collected is a complete, dry pair of shoes.

The indicator will be reported at the general level of achievement of this goal and additionally, it will be reported in absolute number of items in each product category (footwear, clothing, and bags).

Collection of the used products will be run at all of the CCC Group’s physical stores in Poland and internationally. Additional methods for customers to return pre-owned footwear will be communicated directly via various channels such as email, SMS, or other media.

This KPI is also in line with the EU Strategy for Sustainable and Circular Textiles (COM(2022) 141 final: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52022DC0141>), especially with its objective 2.6. Extended producer responsibility and boosting reuse and recycling of textile waste.

Basis for materiality

Embracing a circular economy within the fashion industry entails the creation of better products and services for customers while contributing to environmental regeneration. The initiative to reuse or recycle shoes empowers our customers, guiding them to make informed decisions about what to do with worn-out or unnecessary wardrobe items, thereby preventing their accumulation as landfilled waste. It also promotes responsible consumer behaviors and social habits centered around sustainability. By continually recycling resources, preserving quality, extending product lifespans and minimising environmental impacts, we pave the way for a circular cycle in the fashion industry.

Many businesses currently engage in charitable actions that are short-term solutions and do not have a significant impact on their business activities. These actions are often seen as public relations efforts rather than genuine attempts to improve the environment. We aim to change this perception by altering business models to increase the availability of recycled shoes and clothing materials, resulting in a tangible impact on the environment. Products collected from customers can be processed and utilized for the purposes of other industries, significantly reducing the consumption of materials, including petroleum derivatives and fossil fuels. Retail companies (product resellers) have to engage in R&D initiatives in order to develop sustainable methods of collected footwear processing as well as its further reuse or recycling.

Historical data

	Unit	2021	2022
Products			
Footwear collected/sold	%	0%	0.1%

Reporting

The KPI results will be disclosed annually in our sustainability reports, verified and corroborated by a statement from an independent external reviewer providing assurance services.

Contribution to EU’s environmental objective: Transition to a circular economy and climate change mitigation

Contribution to UN SDGs: 12, 13

3.3. CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

GREENHOUSE GAS EMISSIONS

SPT 1:

**56% REDUCTION OF GHG EMISSIONS
WITHIN SCOPES 1+2 RELATIVE TO THE
BASE YEAR 2022**



To achieve this target:

- We design our retail stores using technologies and equipment that help reduce electricity consumption (e.g. LED lighting and screens),
- We implement remote readout electricity metering systems,
- We cooperate with retail space lessors to modernise the buildings and transition to renewable energy,
- We modernise buildings and implement smart property management systems to help eliminate unnecessary energy usage and replace equipment with more energy-efficient alternatives,
- We increase the proportion of energy sourced from renewables by acquiring energy from small hydro and wind power plants and through our own PV farm,
- We transition our fleet to hybrid vehicles.

Our commitment extends to ongoing investments in energy efficiency, reducing energy consumption, and aiming to utilise 100% renewable energy within our operations. This involves purchasing origin certificates and direct investments in renewable energy sources.

Envisaged time frame: end of the financial year 2030

As the CCC Group, we started calculating greenhouse gas emissions within Scopes 1+2 in 2019, with the most significant portion attributable to electricity used in operational activities. Approximately 75% of the energy we purchased was attributable to electricity used by retail stores, typical for the business lines with large-scale brick-and-mortar operations. Therefore, our primary focus to enhance energy efficiency revolves around optimising electricity usage within these retail spaces.

Reducing greenhouse gas emissions is one of the goals in the GO.25 Sustainable Development Strategy, and our ambition for 2030. Achieving these goals is facilitated by internal efforts of our Green CCChallenge working group, dedicated to energy efficiency and related investments in the Group.

GREENHOUSE GAS EMISSIONS

SPT 2:

40% REDUCTION OF GHG EMISSIONS FROM USED RAW MATERIALS WITHIN SCOPE 3 RELATIVE TO THE BASE YEAR 2021



The CCC Group commenced Scope 3 calculations in 2021, revealing that such emissions constitute roughly 95% of our total emissions. Among these, Category 1 – Consumption of materials and services – accounts for the largest share of GHG emissions within Scope 3. These proportions align with prevalent industry characteristics. The calculations were based on mapped out material flows sourced from our private label suppliers, offering a comprehensive overview of the quantities and emissions associated with the manufacture of our goods. Currently, Category 1 represents about 85% of all our emissions within Scope 3.

Our GO.25 Sustainable Development Strategy outlined a target of a 10% reduction in Scope 3 emissions by 2025. Surpassing expectations, our emissions in 2022 were already 15% lower than in the base year. This success can be attributed to altered characteristics of products ordered in 2022, with a decrease in leather-based products and an increase in less carbon-intensive materials like certain plastics.

Efforts are underway to achieve this target by:

- Adjusting our procurement strategy to
 - Reduce the use of high-emission materials and prioritise low-emission ones, including organic or recycled materials:
 - 1) implementation of new licensed brands into sales (among others Reebok, Kappa, Beverly Hills Polo Club, Nine West, MEXX, Hunter, Juicy Couture, Shaq, Billabong, Quiksilver, Roxy, DC) made mainly from low-emission materials,
 - 2) transition from the production of premium brands Gino Rossi and Badura handbags made of leather to production from low-emission materials,
 - 3) transition from the production of Lasocki brand handbags made of leather to production from low-emission materials,
 - 4) transition from production of Badura brand leather footwear (woman) to production from low-emission materials,
 - 5) transition from production of Lasocki brand leather footwear (man) to production from low-emission materials,
 - optimization of orders with regard to models and quantities using synthetic materials, including recycled ones instead of leather (change of product mix),
 - preparation of a document with principles and guidelines for designing footwear with low carbon footprint.
- Supporting suppliers and collaborating with them:
 - encourage the implementation of innovative, low-emission solutions, e.g. through the use of renewable energy sources,
 - educate them on the benefits of sustainable business transformation,
 - encourage their participation in international initiatives supporting the fashion industry,
 - environmental audits, confirming the implementation or progress in the transformation of production towards circular production,
 - oblige to purchase FSC-certified packaging, including raw materials or final products.

It is crucial that the entire fashion industry works collectively towards consistent and comparable data for increased transparency and effective impact monitoring. We continuously enhance the quality of our data to accurately estimate greenhouse gas emission levels. Participating in the UN Fashion Industry Charter for Climate Change initiative, we have set pivotal industry goals and collaborate to explore new solutions that would effectively reduce negative environmental impacts and expedite sustainable transformation of the supply chain.

Envisaged time frame: end of the financial year 2030

CIRCULARITY

SPT 3:

40% REDUCTION IN THE AMOUNT OF NATURAL LEATHER CONSUMPTION USED IN PRIVATE LABEL AND LICENSED PRODUCTS COMPARED TO THE BASE YEAR 2021



Currently, leather products are one of the largest product categories offered to our customers and leather constitutes approximately 25% of the materials used in production. We make sure that the raw material comes from certified tanneries.

However, we are aware of the negative impact that cattle breeding has on the environment. To address this, we are analyzing market trends and training our employees to design using alternative, more sustainable materials e.g. plant-based leather (AppleSkin™, Mylo™ Unleather, Piñatex®). This way, we can directly contribute to reducing the water used for growing and tanning leather, preventing deforestation, ensuring the protection of biodiversity and animal welfare, and reducing the use of chemicals necessary for leather processing. All low-emission raw materials chosen to substitute leather will be tested to assure that they don't contribute to microplastic pollution.

Analysis of the latest synthetic leather market projections indicates that the surge in demand for vegan products is anticipated to persist, with an increasing number of customers opting for sustainable and cruelty-free alternatives to traditional leather.²⁾

We are also involved in initiatives at the UN, such as the Fashion Industry Charter for Climate Change, where we work with other global brands to find innovative solutions to reduce the impact of the fashion industry on the environment and climate change.

To achieve this goal, we are working on:

- optimization of the order level as part of the described inventory management,
- a change in the purchasing strategy aimed at reducing the share of leather products in orders to products made of other materials
- reducing the proportion of leather used in favor of other low-emission raw materials in a single product
- introducing new brands of footwear and accessories (mainly licensed) into distribution, made of materials alternative to leather or other certified raw materials. Licensed brands will gradually and partially replace existing private labels
- designing footwear using the most optimal certified leather substitutes, taking into account their emissivity and the method of their production,
- searching for and testing new, alternative materials offered by suppliers that would guarantee the highest quality and durability of products from subsequent collections. We aim to create durable and high-quality products while also contributing to the protection of biodiversity and effectively managing risks related to natural resource scarcity. We believe that optimizing our product management will bring measurable environmental and business benefits and set an example for other companies in the industry.

Envisaged time frame: end of the financial year 2030

²⁾ Synthetic Leather Market (Type: Polyurethane, polyvinyl-chloride, End-user: Sporting goods, Garmants, Luxury Goods, Footwear, Furnishing, Interior, Automobiles, and Others) – Global Industry Analysis, Size, Share, Growth, Trends and Forecast, 2023-2031

CIRCULARITY

SPT 4:

**8% OF FOOTWEAR AND CLOTHING
REUSED RELATIVE TO MERCHANDISE
SOLD IN THE RESPECTIVE
CATEGORIES**



The ‘Give your shoes a second life’ pilot project, launched in 2021, unveiled a considerable demand and unaddressed market gap in footwear recycling. Other fashion brands have collected pre-owned clothing, but never footwear. Accordingly, an extension of this initiative to cover the entire chain of CCC stores became a strategic objective under our GO.25 Sustainable Development Strategy. Currently, collections are run at approximately 450 stores in Poland and partly on the Czech, Slovak and Romanian markets. Since the campaign’s inception, approximately 100,000 pairs of footwear have been collected and prepared to aid those most in need through charity foundations. The project has revealed that about 90% of the shoes discarded by our customers are still suitable for reuse.

Moving forward, we would like to substantially increase scale of the ‘Give your shoes a second life’ project. Our aim is to take the project beyond a charity initiative and make it a solution materially reducing a landfill waste. We want to be a first-mover and we hope that other retail companies will follow our path.

To achieve our goal we need to upscale the ‘Give your shoes a second life’ project, which can be done by:

- extending the initiative to all our foreign markets and the remaining business lines
- extending scope of collection to include clothing and handbags
- wider marketing efforts to educate customers on what they can do with unwanted footwear
- broadening the consumer base for reused footwear
- dedicated incentive program for customers who return shoes to our containers

A successful execution of the project carried out on such a large scale will also require developing sustainable solutions for the collected footwear reuse and recycling.

We’ve already engaged in discussions with universities and startups to develop innovative solutions for recycling of worn-out footwear and repurposing resulting materials in various industries such as automotive, construction, and energy. A result of the research project might eventually lead to creating a technology, which can be installed and run in our facilities. We’ve also identified raw material recipients who developed their own certified, sustainable solutions for fashion products reuse and recycling, which they provide as a commercial service. In addition, we will expand the group of potential recipients of used footwear by contacting more charity organisations in Poland and internationally.

We are keen on discovering innovative methods to repurpose discarded footwear and clothing in line with the Circularity Roadmap. By introducing innovations in recycling, technology, and infrastructure, we enhance the accessibility of materials, thereby potentially mitigating future risks associated with resource scarcity and reducing our overall impact on the planet. Our focus is on investments and technologies that could benefit not only the fashion industry but other sectors as well.

Envisaged time frame: end of the financial year 2030

3.4. COMMENTS ON RECALCULATION OF KPIs AND SPTs

We reserve the right to recalculate any of the aforementioned KPIs and SPTs in good faith in the event of significant changes arising from various circumstances, including:

- Structural alterations within the Group and/or changes due to acquisitions, disposals, or mergers that impact the Group’s scope,
- External verifications such as those by SBTi, resulting in the identification of more reliable and/or scientific targets.

A significant change refers to a difference exceeding 5% from the base year due to the circumstances specified above.

If CCC avails itself of this right, it will adjust the relevant SPTs accordingly and obtain an updated SPO from a qualified external reviewer, to ensure that – despite any modifications made to this Framework — it remains fully consistent with the underlying principles and no less significant or ambitious than the original document.

Any such adjustments will be publicly communicated by CCC.

3.5 FINANCIAL CHARACTERISTICS

Proceeds raised by the CCC Group from sustainability-linked financial instruments will be channelled towards general corporate objectives. Any financing provided or issued under this Framework will be linked to sustainable development.

In potential financing agreements, the CCC Group may use a single SPT or a combination of multiple SPTs according to the provisions outlined in this document. The financial and structural characteristics of sustainability-linked financial instruments, including the impact of the CCC Group’s KPI results relative to the effective SPTs, will be detailed in the relevant financing documentation. These may include coupon modifications, changes of bond repayment amounts, or margin adjustments in the case of loans. The financial and/or structural characteristics of sustainability-linked financial instruments may differ depending on whether certain KPIs reach the predefined SPTs.

The terms of financing documentation may outline specific circumstances wherein SPTs might be recalculated, like changes in the calculation methodology or significant events affecting the structure of the CCC Group. Certain external events beyond the CCC Group’s control may also be provided for, absolving the Group from financial penalties.



3.6 REPORTING

The CCC Group is committed to annual disclosure of relevant KPIs and SPTs, providing comprehensive updates and reports accessible on our website through:

- Sustainability reporting, which will cover:
 - performance against the selected KPIs, including any recalculations and updates of selected KPIs and/or base levels, corroborated by a statement from an independent external reviewer providing assurance services,
- Regularly updating and adhering to new or proposed regulatory legislation to keep track of KPIs and SPTs and ensure they maintain their ambition and relevance at a suitably high level,
- An annual independent external review report, encompassing an assessment of the KPI results in relation to SPTs,
- Furnishing additional pertinent information for lenders/bondholders regarding KPI results relative to SPTs.

3.7 EXTERNAL ASSURANCE

Sustainalytics has provided a Second Party Opinion to guarantee this Framework is fully consistent with the underlying principles. The Second Party Opinion will be published on the CCC Group’s website at <https://corporate.ccc.eu/en>. An annual review of compliance with the SLBP and SLLP requirements will be performed to ensure that the KPIs are adapted to the proposed SPTs and the reporting practices specified in Section 3.6.

4. DISCLAIMER

This Sustainable Finance Framework is intended to provide non-exhaustive and general information.

CCC Group and its business are exposed to various risks and uncertainties and certain statements herein that are not historical facts are forward-looking statements, which reflect CCC Group’s current expectations and views of future developments. None of the forward-looking statements in this document should be taken as forecasts or promises. These statements are based on CCC Group’s best assumptions and beliefs in the light of the information currently available to it.

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